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## **Avoid Common Mistakes During Tax Season**

*By Betty T. Yee*

April 15th --- a day taxpayers dread each year because that is when their income tax returns are due to the Internal Revenue Service (IRS) and Franchise Tax Board (FTB). Taxpayers fear they will make errors, causing them to lose deductions to which they may be entitled or find out in an audit they owe more tax plus interest and possibly penalties.

Here is how you can avoid common mistakes made in filing income tax returns.

- **Use the preprinted labels and envelope from the tax return booklets.**  
If you receive preprinted labels and envelopes from the IRS and the FTB, verify the information on the label is correct. If the information is not correct, cross out the incorrect information, and write in the correct information legibly.
- **Include Social Security numbers for yourself and any dependents.**  
Make certain your Social Security number(s) appears correctly and legibly on each page or schedule of your return, so if any pages or schedules are separated from your return, they can be re-attached.

For any dependents you claim, include their Social Security numbers on line 6 of your federal Form 1040. If your dependent does not have a Social Security number, you can obtain one by following the instructions at [www.irs.gov/faqs/faq2-3.html](http://www.irs.gov/faqs/faq2-3.html)

- **Check your math.**  
Make certain there are no addition and subtraction errors and all numbers have been accurately transferred from one schedule to another. For example, the total amount of your Schedule A itemized deductions should match the amount of itemized deductions on your federal Form 1040.
- **Attach all W-2 forms to your return.**  
Attach the copy marked "to be filed with federal tax return" to your federal Form 1040 and the copy marked "to be filed with state tax return" to 540 California return. If you received a form 1099-R showing tax withheld, be sure to attach that one as well. If you believe the W-2s or 1099s contain mistakes, be sure to contact the sender to have the mistakes corrected.

- **Check your 2005 returns.**

If you claimed state income taxes as an itemized deduction in 2005, you may have to report some or all of your state income tax refund received in 2006. Otherwise, do not include the refund in your 2006 taxable income.

Additionally, check for any unused capital losses, real estate passive losses, or charitable contributions that carry over into 2006.

- **Include the correct amounts of property taxes, mortgage interest, and points.**

Deduct the correct amount of real property taxes. On line 10 of your federal Schedule A, make certain you correctly deduct mortgage interest or points reported to you on a Form 1098 under your Social Security number.

For any mortgage interest or points paid that were not reported to you on a Form 1098, report these amounts on line 11 of your federal Schedule A.

- **Deduct only the car value portion of the vehicle license fee.**

The vehicle license fee amount reflected in the Department of Motor Vehicles billing notice is deductible. However, the other portions of the billing notice --- the registration fee, weight fee, and air quality fee --- are not deductible.

- **Use the correct tax rate schedule or column in the tax tables to figure your tax.**

Reporting the amount of tax incorrectly could delay your refund or result in penalties and interest if you underpay your taxes.

- **Sign and date your returns.**

Be sure to sign and date your returns and include your occupation.

- **Fill out your checks properly if you owe tax.**

If you have to pay either the IRS or the FTB and are paying by check, be sure to sign the checks and include your Social Security number, the tax year, and the tax form number on your checks.

For example, include “000-00-0000 – 2006 Form 1040” on your check to the IRS, and include and “000-00-0000 – 2006 Form 540” on your check to the FTB.

## **There is Still More Time After April 15th**

Since in 2007 April 15<sup>th</sup> falls on a Sunday and April 16<sup>th</sup> is a holiday in the District of Columbia, returns postmarked Tuesday, April 17<sup>th</sup> on or before 11:59 p.m. are timely. If you need an extension, you should file IRS Form 4868 at this time, and you will automatically have until October 15<sup>th</sup> to file both your federal and California returns.

If you file for an extension, any income tax you owe must still be paid on or before April 17<sup>th</sup>, with IRS Form 4868 and FTB Form 3519.

## **Records You Should Keep After Filing Your Returns**

You should keep copies of your tax returns for at least four years, along with substantiation of any credits and deductions claimed and copies of W-2 and similar forms.

## **Help Is Available**

There are many free resources on the IRS website at [www.irs.gov](http://www.irs.gov) that can assist you with your filing requirements:

- IRS 2006 Form 1040 Forms and Instructions
- IRS Publication 552, *Recordkeeping for Individuals*
- IRS Publication 583, *Starting A Business And Keeping Records*, if you are or may become a business owner
- IRS Publication 910, *Guide to Free Tax Services*.

In addition, the IRS and the FTB have Taxpayer Assistance programs where you can obtain in-person help:

- Visit [www.irs.gov](http://www.irs.gov) or look in the phone book under “United States Government, Internal Revenue Service” for a listing of Taxpayer Assistance Centers.
- Visit [www.ftb.ca.gov](http://www.ftb.ca.gov) for a listing of approximately 1,800 California locations where trained volunteers provide free help during tax filing season. You can also contact the FTB toll-free at 1-800-852-5711 to find a location near you.

Betty T. Yee, Chairwoman of the Board of Equalization and a member of the Franchise Tax Board, represents the First Equalization District, which is comprised of 21 counties in northern and central California. The Board hears and decides income, business, and special tax appeals matters